



Michael D. Peroo CPA, PA
Exceeding Expectations

CITY OF HOLTON, KANSAS

**Financial Statements for the
Year December 31, 2014
And Independent Auditors' Report**

CITY OF HOLTON, KANSAS

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Michael D. Peroo CPA, PA

Exceeding Expectations

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and City Council
City of Holton, Kansas

We have audited the accompanying statement of cash receipts and disbursements of the City of Holton, Kansas (City) for the year ended December 31, 2014 and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit and Accounting Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Opinion

The City has elected not to adopt the provisions of the Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments; Statement No. 37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

As described more fully in Note 1, the City prepares its financial statements on a basis of accounting prescribed by the Kansas Division of Accounts and Reports to demonstrate compliance with the cash basis laws of the State of Kansas, which basis differs from generally accepted accounting principles.

Opinion

In our opinion, because of the effect of the matters discussed in the proceeding paragraphs, the financial statements referred to above do not present fairly, in conformity with generally accepted accounting principals, the financial position of the City of Holton, Kansas, as of December 31, 2014, or the results of its operations for the year then ended.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principals generally accepted in the United States of America. Our opinion is modified with respect to this matter.

Report on Supplementary Information

The supplemental schedules for the year ended December 31, 2014 listed in the foregoing table of contents are not necessary for a fair presentation of the financial statements, but are presented as additional analytical data. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements on these schedules, and we do not express an opinion on these schedules.

Michael D. Peroo, CPA, PA

Leavenworth, Kansas

June 26, 2015

Michael D. Peroo, CPA

Michael D. Peroo, CPA, PA
In Charge of and Actively
Engaged on this Audit

CITY OF HOLTON, KANSAS

SUMMARY OF CASH RECEIPTS AND DISBURSEMENTS YEAR ENDED DECEMBER 31, 2014

	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
General Fund	\$ 74,035	\$ 1,553,378	\$ 1,525,225	\$ 102,188
Special Revenue Funds:				
Library Fund	2	107,597	107,597	2
Industrial Development Fund	131,401	19,268	11,365	139,304
Liability Insurance Fund	9,248	29,971	21,903	17,316
Special Parks and Recreation Fund	50,073	49,244	59,331	39,986
Special Highway Fund	77,762	292,867	290,548	80,081
Alcoholism Prevention Fund	454	-	-	454
Police Seizure Fund	5,340	1,398	1,472	5,266
Home Grant Fund	194	98,544	98,738	-
2013 Special Sales Tax		246,419	29,410	217,009
Enterprise Funds:				
Electric Fund	1,610,774	5,817,533	5,848,135	1,580,172
Water Fund	248,927	1,074,879	1,146,970	176,836
Sewer Fund	675,540	907,526	762,204	820,862
Trash Fund	5,975	136,574	131,681	10,868
Utility Deposit Fund	60,494	33,201	29,846	63,849
Capital Project Funds:				
Capital Improvement Fund	382,414	200,000	200,000	382,414
Equipment Reserve Fund	165,736	297,644	191,223	272,157
Trust and Agency Funds:				
Insurance Fund	7,835	552,420	551,593	8,662
Municipal Court Fund	7,243	14,505	11,960	9,788
Money Market Interest	491	6,433	6,438	486
Licap Fund	7,893	21,235	22,598	6,530
Chevis Fund	1,383	85	500	968
Clock Fund	112	2	-	114
Debt Service Funds:				
2004 Principal & Interest Fund	57,846	366,000	366,914	56,932
2009 Principal & Interest Fund	82,373	207,000	285,313	4,060
Water Bond Reserve	37,500			37,500
Bond and Interest Fund	5,309	36,622	30,499	11,432
Total Reporting Entity	\$ <u>3,706,354</u>	\$ 12,070,345	\$ 11,731,463	\$ <u>4,045,236</u>
Less transfers		<u>923,000</u>	<u>923,000</u>	
Net Receipts and Disbursements		<u>11,147,345</u>	<u>10,808,463</u>	
COMPOSITION OF CASH:				
Petty Cash				\$ 400
Holton National Bank - Operating Account				1,922,861
Denison State Bank - Checking and Money Market Accounts				1,152,029
Farmer's State Bank - Checking and Money Market Accounts				354,446
Holton National Bank - Certificates of Deposit				315,500
Farmer's State Bank - Certificates of Deposit				150,000
Denison State Bank - Certificates of Deposit				150,000
Total Cash and Certificates of Deposits				\$ <u>4,045,236</u>

CITY OF HOLTON, KANSAS

SUMMARY OF DISBURSEMENTS - ACTUAL AND BUDGET YEAR ENDED DECEMBER 31, 2014

	<u>Total Disbursements</u>	<u>Total Budget</u>	<u>Variance Favorable (Unfavorable)</u>
General Fund	\$ 1,525,225	\$ 1,559,421	\$ 34,196
Special Revenue Funds:			
Library Fund	107,597	125,084	17,487
Industrial Development Fund	11,365	88,535	77,170
Liability Insurance Fund	21,903	25,000	3,097
Special Parks and Recreation Fund	59,331	71,636	12,305
Special Highway Fund	290,548	298,306	7,758
Enterprise Funds:			
Electric Fund	5,848,135	6,124,306	276,171
Water Fund	1,146,970	1,147,094	124
Sewage Disposal Fund	762,204	862,476	100,272
Trash Fund	131,681	132,000	320
Capital Project Fund:			
Capital Improvement Fund	200,000	200,000	
Equipment Reserve Fund	191,223	220,000	28,777
Debt Service Funds:			
Bond and Interest Fund	<u>30,499</u>	<u>36,000</u>	<u>5,501</u>
Total Budgeted Funds	<u>10,326,681</u>	<u>\$ 10,889,858</u>	<u>\$ 563,177</u>
Non-budgeted Funds:			
Police Seizure Fund	1,472		
Home Grant Fund	98,738		
2013 Special Sales Tax Fund	29,410		
Utility Deposit Fund	29,846		
Insurance Fund	551,593		
Municipal Court Fund	11,960		
Money Market Fund	6,438		
Lieap Fund	22,598		
Chevis Fund	500		
Clock Fund			
2004 Principal & Interest Fund	366,914		
2009 Principal & Interest Fund	285,313		
Water Bond Reserve Fund			
Total Non-budgeted Funds	<u>1,404,782</u>		
	<u>\$ 11,731,463</u>		

See notes to financial statements.

CITY OF HOLTON, KANSAS

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET YEAR ENDING DECEMBER 31, 2014

	2013 Actual	2014 Actual	2014 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
Ad Valorem Tax	\$ 824,069	\$ 876,618	\$ 895,188	\$ (18,570)
Motor Vehicle Tax	94,675	98,567	94,685	3,882
Sales Tax	228,896	250,503	220,000	30,503
Local Alcoholic Tax	2,624	2,950	3,000	(50)
Franchise Fees	81,190	95,820	85,000	10,820
License Permits and Fees	5,892	10,022	5,000	5,022
Fees from Fines	8,059	10,047	9,000	1,047
Swimming Pool Fees	31,154	27,709	36,000	(8,291)
Lake Fees	10,398	10,410	8,000	2,410
Miscellaneous	27,321	16,604	10,000	6,604
Transfer	135,000	150,000		150,000
Interest on Idle Funds	2,127	4,128	2,000	2,128
Total Cash Receipts	1,451,405	1,553,378	\$ 1,367,873	\$ 185,505
CASH DISBURSEMENTS:				
General Administration	35,528	43,986	\$ 40,700	\$ (3,286)
Police Department	488,842	521,477	525,225	3,748
Street Department	351,795	360,271	385,133	24,862
Fire Department	267,547	274,597	286,165	11,568
Parks Department	309,083	324,894	322,198	(2,696)
Total Cash Disbursements	1,452,795	1,525,225	\$ 1,559,421	\$ 34,196
Receipts over / (under) Disbursements	(1,390)	28,153		
UNENCUMBERED CASH, BEGINNING BALANCE	75,425	74,035		
UNENCUMBERED CASH, ENDING BALANCE	\$ 74,035	\$ 102,188		

CITY OF HOLTON, KANSAS

LIBRARY FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET YEAR ENDING DECEMBER 31, 2014

	<u>2013 Actual</u>	<u>2014 Actual</u>	<u>2014 Budget</u>	<u>Variance Favorable (Unfavorable)</u>
CASH RECEIPTS:				
Ad Valorem Tax	\$ 95,802	\$ 96,130	\$ 98,073	\$ (1,943)
Motor Vehicle Tax	<u>11,186</u>	<u>11,467</u>	<u>11,293</u>	<u>174</u>
Total Cash Receipts	106,988	107,597	<u>\$ 109,366</u>	<u>\$ (1,769)</u>
CASH DISBURSEMENTS:				
Personal Services			\$	\$
Contractual Services				
Appropriations	<u>126,084</u>	<u>107,597</u>	<u>125,084</u>	<u>17,487</u>
Total Cash Disbursements	<u>126,084</u>	<u>107,597</u>	<u>\$ 125,084</u>	<u>\$ 17,487</u>
Receipts over / (under) disbursements	(19,096)			
UNENCUMBERED CASH, BEGINNING BALANCE	<u>19,098</u>	<u>2</u>		
UNENCUMBERED CASH, ENDING BALANCE	<u>\$ 2</u>	<u>\$ 2</u>		

CITY OF HOLTON, KANSAS

INDUSTRIAL DEVELOPMENT FUND

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET
YEAR ENDING DECEMBER 31, 2014**

	<u>2013 Actual</u>	<u>2014 Actual</u>	<u>2014 Budget</u>	<u>Variance Favorable (Unfavorable)</u>
CASH RECEIPTS:				
Ad Valorem Tax	\$ 264	\$ 19,134	\$ 19,612	\$ (478)
Motor Vehicle Tax	<u>2,710</u>	<u>135</u>		<u>135</u>
Total Cash Receipts	2,974	19,268	<u>\$ 19,612</u>	<u>\$ (344)</u>
CASH DISBURSEMENTS:				
Contractual Services	15,495	6,000	\$	\$ (6,000)
Capital Outlay	<u></u>	<u>5,365</u>	<u>88,535</u>	<u>83,170</u>
Total Cash Disbursements	<u>15,495</u>	<u>11,365</u>	<u>\$ 88,535</u>	<u>\$ 77,170</u>
Receipts over / (under) Disbursements	(12,521)	7,903		
UNENCUMBERED CASH, BEGINNING BALANCE	<u>143,923</u>	<u>131,402</u>		
UNENCUMBERED CASH, ENDING BALANCE	<u>\$ 131,402</u>	<u>\$ 139,305</u>		

CITY OF HOLTON, KANSAS

LIABILITY INSURANCE

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET
YEAR ENDING DECEMBER 31, 2014**

	<u>2013 Actual</u>	<u>2014 Actual</u>	<u>2014 Budget</u>	<u>Variance Favorable (Unfavorable)</u>
CASH RECEIPTS:				
Ad Valorem Tax	\$ 18,034	\$ 27,900	\$ 28,814	\$ (914)
Other Revenue	10,000			
Motor Vehicle Tax		2,071	2,142	(71)
Total Cash Receipts	28,034	29,971	<u>\$ 30,956</u>	<u>\$ (985)</u>
CASH DISBURSEMENTS:				
Contractual Services	<u>19,000</u>	<u>21,903</u>	<u>\$ 25,000</u>	<u>\$ 3,097</u>
Total Cash Disbursements	<u>19,000</u>	<u>21,903</u>	<u>\$ 25,000</u>	<u>\$ 3,097</u>
Receipts over / (under) Disbursements	9,034	8,068		
UNENCUMBERED CASH, BEGINNING BALANCE	<u>214</u>	<u>9,248</u>		
UNENCUMBERED CASH, ENDING BALANCE	<u>\$ 9,248</u>	<u>\$ 17,316</u>		

CITY OF HOLTON, KANSAS

SPECIAL PARKS AND RECREATION FUND

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET
YEAR ENDING DECEMBER 31, 2014**

	<u>2013 Actual</u>	<u>2014 Actual</u>	<u>2014 Budget</u>	<u>Variance Favorably (Unfavorably)</u>
CASH RECEIPTS:				
Program Fees	\$ 30,644	\$ 31,753	\$ 30,000	\$ 1,753
Donations and Other	8,311	675	10,000	(9,325)
Liquor Tax	2,624	2,950	3,000	(50)
Miscellaneous	<u>20,793</u>	<u>13,866</u>		<u>13,866</u>
Total Cash Receipts	62,372	49,244	<u>\$ 43,000</u>	<u>\$ 6,244</u>
CASH DISBURSEMENTS:				
Personnel Costs	18,964	15,988	\$ 20,636	\$ 4,648
Contractual Services	1,989	20,731	2,000	(18,731)
Commodities	19,946	10,648	9,000	(1,648)
Capital Outlay	<u>1,336</u>	<u>11,964</u>	<u>40,000</u>	<u>28,036</u>
Total Cash Disbursements	<u>42,235</u>	<u>59,331</u>	<u>\$ 71,636</u>	<u>\$ 12,305</u>
Receipts over / (under) Disbursements	20,137	(10,087)		
UNENCUMBERED CASH, BEGINNING BALANCE	<u>29,936</u>	<u>50,073</u>		
UNENCUMBERED CASH, ENDING BALANCE	<u>\$ 50,073</u>	<u>\$ 39,986</u>		

CITY OF HOLTON, KANSAS

SPECIAL HIGHWAY FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET

YEAR ENDING DECEMBER 31, 2014

	<u>2013 Actual</u>	<u>2014 Actual</u>	<u>2014 Budget</u>	<u>Variance Favorable (Unfavorable)</u>
CASH RECEIPTS:				
State Gas Tax	83,446	\$ 85,153	\$ 86,540	\$ (1,387)
Local Sales Tax	195,925	204,784	180,000	24,784
Transfer				
Reimbursement	<u>1,543</u>	<u>2,930</u>		<u>2,930</u>
Total Cash Receipts	280,914	292,867	\$ <u>266,540</u>	\$ <u>26,327</u>
CASH DISBURSEMENTS:				
Personnel Services	121,898	124,357	\$ 123,306	\$ (1,051)
Contractual Services		512		(512)
Commodity Expense	153,624	165,679	135,000	(30,679)
Capital Outlay			40,000	40,000
Debt Service				
Total Cash Disbursements	<u>275,522</u>	<u>290,548</u>	\$ <u>298,306</u>	\$ <u>7,758</u>
Receipts over Disbursements	5,392	2,319		
UNENCUMBERED CASH, BEGINNING BALANCE	<u>72,370</u>	<u>77,762</u>		
UNENCUMBERED CASH, ENDING BALANCE	\$ <u>77,762</u>	\$ <u>80,081</u>		

CITY OF HOLTON, KANSAS

POLICE SEIZURE FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL

YEAR ENDING DECEMBER 31, 2014

	<u>2013</u> <u>Actual</u>	<u>2014</u> <u>Actual</u>
CASH RECEIPTS:		
Seizure Income	\$ <u>1,345</u>	\$ <u>1,398</u>
Total Cash Receipts	<u>1,345</u>	<u>1,398</u>
CASH DISBURSEMENTS:		
Professional Services	<u>407</u>	<u>650</u>
Capital Outlay	<u>2,499</u>	<u>822</u>
Total Disbursements	<u>2,906</u>	<u>1,472</u>
Receipts under Disbursements	(1,561)	(74)
UNENCUMBERED CASH, BEGINNING BALANCE	<u>6,901</u>	<u>5,340</u>
UNENCUMBERED CASH, ENDING BALANCE	\$ <u><u>5,340</u></u>	\$ <u><u>5,266</u></u>

CITY OF HOLTON, KANSAS

HOME GRANT FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL YEAR ENDING DECEMBER 31, 2014

	<u>2013</u> <u>Actual</u>	<u>2014</u> <u>Actual</u>
CASH RECEIPTS:		
Grant Receipts	\$ <u>62,350</u>	\$ <u>98,544</u>
Total Cash Receipts	62,350	98,544
CASH DISBURSEMENTS:		
Professional Services	<u>62,156</u>	<u>98,738</u>
Total Cash Disbursements	<u>62,156</u>	<u>98,738</u>
Receipts over / (under) Disbursements	194	(194)
UNENCUMBERED CASH, BEGINNING BALANCE	<u> </u>	<u>194</u>
UNENCUMBERED CASH, ENDING BALANCE	\$ <u><u>194</u></u>	\$ <u><u> </u></u>

CITY OF HOLTON, KANSAS

2013 SPECIAL SALES TAX FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET YEAR ENDING DECEMBER 31, 2014

	2013 Actual	2014 Actual
CASH RECEIPTS:		
Special Sales Tax	\$ _____	\$ <u>246,419</u>
Total Cash Receipts		246,419
CASH DISBURSEMENTS:		
Professional Services	_____	<u>29,410</u>
Total Cash Disbursements	_____	<u>29,410</u>
Receipts over Disbursements		217,009
UNENCUMBERED CASH, BEGINNING BALANCE	_____	_____
UNENCUMBERED CASH, ENDING BALANCE	\$ <u> </u>	\$ <u>217,009</u>

CITY OF HOLTON, KANSAS

ELECTRIC FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET YEAR ENDING DECEMBER 31, 2014

	2013 Actual	2014 Actual	2014 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
Sales and Charges	\$ 3,507,793	\$ 3,504,834	\$ 3,550,000	\$ (45,166)
Fuel Cost	1,839,521	2,192,579	1,810,500	382,079
Light Rental	31,425	31,435	31,000	435
Reimbursed Expenses	104,738	40,118	60,000	(19,882)
Penalties and Other	599,329	48,567		48,567
Total Cash Receipts	6,082,806	5,817,533	\$ 5,451,500	\$ 366,033
CASH DISBURSEMENTS:				
Administration				
Personal Services	265,980	276,722	\$ 267,481	\$ (9,241)
Contractual Services	11,322	12,802	40,000	27,198
Commodities	48,574	48,116	11,000	(37,116)
Capital Outlay and Sales Tax	220,551	205,468	5,000	(200,468)
Miscellaneous	205,092	1,631	814,629	812,998
Transfer	110,000		80,000	80,000
Production				
Personal Services	420,421	428,151	475,957	47,806
Contractual Services	3,140,969	3,112,717	2,946,500	(166,217)
Commodities	196,056	222,851	278,000	55,149
Capital Outlay		4,815	20,000	15,185
Transfer	366,000	516,000	200,000	(316,000)
Distribution				
Personal Services	388,355	404,548	441,739	37,191
Contractual Services	35,449	55,843	93,500	37,657
Commodities	90,321	147,122	150,500	3,378
Capital Outlay		4,349	100,000	95,651
Transfer	471,859	407,000	200,000	(207,000)
Total Cash Disbursements	5,970,949	5,848,135	\$ 6,124,306	\$ 276,171
Receipts over / (under) Disbursements	111,857	(30,602)		
UNENCUMBERED CASH, BEGINNING BALANCE	1,498,917	1,610,774		
UNENCUMBERED CASH, ENDING BALANCE	\$ 1,610,774	\$ 1,580,172		

CITY OF HOLTON, KANSAS

WATER FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET

YEAR ENDING DECEMBER 31, 2014

	<u>2013</u> <u>Actual</u>	<u>2014</u> <u>Actual</u>	<u>2014</u> <u>Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
Water Sales and Other Charges	\$ 987,545	\$ 948,651	\$ 1,060,500	\$ (111,849)
PWWSO Contract	120,436	120,519	120,000	519
Farm Income	3,023	3,019	3,000	19
Miscellaneous and Transfer	<u>5,609</u>	<u>2,690</u>		<u>2,690</u>
Total Cash Receipts	1,116,613	1,074,879	<u>\$ 1,183,500</u>	<u>\$ (108,621)</u>
CASH DISBURSEMENTS:				
Administration				
Personal Services	89,913	92,150	\$ 95,809	\$ 3,659
Contractual Services	11,076	12,558	14,000	1,442
Commodities	1,656	11,358	1,500	(9,858)
Capital Outlay	860		3,000	3,000
Miscellaneous				
Production				
Personal Services	235,310	237,500	267,160	29,660
Contractual Services	351,943	545,230	519,645	(25,585)
Commodities	34,269	22,639	18,750	(3,889)
Capital Outlay			5,000	5,000
Miscellaneous	9,360	7,873		(7,873)
Distribution				
Personal Services	105,824	114,071	106,240	(7,831)
Contractual Services	155,353	50,111	21,100	(29,011)
Commodities	37,197	28,490	38,900	10,410
Capital Outlay	6,602		20,000	20,000
Debt Service	<u>24,990</u>	<u>24,990</u>	<u>24,990</u>	<u>0</u>
Total Cash Disbursements	<u>1,064,353</u>	<u>1,146,970</u>	<u>\$ 1,136,094</u>	<u>\$ (10,876)</u>
Receipts over / (under) Disbursements	52,260	(72,091)		
UNENCUMBERED CASH, BEGINNING BALANCE	<u>196,667</u>	<u>248,927</u>		
UNENCUMBERED CASH, ENDING BALANCE	<u>\$ 248,927</u>	<u>\$ 176,836</u>		

CITY OF HOLTON, KANSAS

SEWER FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET YEAR ENDING DECEMBER 31, 2014

	2013 Actual	2014 Actual	2014 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
Sewer Charges	\$ 908,721	\$ 904,270	\$ 900,000	\$ 4,270
Miscellaneous Income	<u>9,176</u>	<u>3,256</u>	<u>3,000</u>	<u>256</u>
Total Cash Receipts	917,897	907,526	<u>\$ 903,000</u>	<u>\$ 4,526</u>
CASH DISBURSEMENTS:				
Administration				
Capital Outlay	7,339	7,339	\$	\$ (7,339)
Treatment				
Personal Services	101,960	103,626	104,827	1,201
Contractual Services	93,239	132,921	90,100	(42,821)
Commodities	21,019	23,097	67,300	44,203
Debt Service	412,639	412,639	422,276	9,637
Capital Outlay	5,376	9,842	50,000	40,158
Collection				
Personal Services	54,726	56,624	48,373	(8,251)
Contractual Services	23,055	1,646	22,200	20,554
Commodities	14,528	14,470	14,900	430
Capital Outlay	<u></u>	<u></u>	<u>42,500</u>	<u>42,500</u>
Total Cash Disbursements	<u>733,881</u>	<u>762,204</u>	<u>\$ 862,476</u>	<u>\$ 100,272</u>
Receipts over Disbursements	184,016	145,322		
UNENCUMBERED CASH, BEGINNING BALANCE	<u>491,524</u>	<u>675,540</u>		
UNENCUMBERED CASH, ENDING BALANCE	<u>\$ 675,540</u>	<u>\$ 820,862</u>		

CITY OF HOLTON, KANSAS

TRASH FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL
YEAR ENDING DECEMBER 31, 2014

	<u>2013 Actual</u>	<u>2014 Actual</u>	<u>2014 Budget</u>	<u>Variance Favorable (Unfavorable)</u>
CASH RECEIPTS:				
Collection Fees	\$ <u>139,708</u>	\$ <u>136,574</u>	\$ <u>137,500</u>	\$ <u>(926)</u>
Total Cash Receipts	139,708	136,574	\$ <u>137,500</u>	\$ <u>(926)</u>
CASH DISBURSEMENTS:				
Contractual Services	133,286	131,681	\$ 132,000	\$ 319
Refund	<u>35,000</u>			
Total Cash Disbursements	<u>168,286</u>	<u>131,681</u>	\$ <u>132,000</u>	\$ <u>319</u>
Receipts over / (under) Disbursements	(28,578)	4,893		
UNENCUMBERED CASH, BEGINNING BALANCE	<u>34,553</u>	<u>5,975</u>		
UNENCUMBERED CASH, ENDING BALANCE	\$ <u>5,975</u>	\$ <u>10,868</u>		

CITY OF HOLTON, KANSAS

UTILITY DEPOSIT FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL

YEAR ENDING DECEMBER 31, 2014

	2013 Actual	2014 Actual
	<u> </u>	<u> </u>
CASH RECEIPTS:		
Utility Deposits	\$ <u>48,981</u>	\$ <u>33,201</u>
Total Cash Receipts	48,981	33,201
CASH DISBURSEMENTS:		
Refunds	<u>66,327</u>	<u>29,846</u>
Total Cash Disbursements	<u>66,327</u>	<u>29,846</u>
Receipts over / (under) Disbursements	(17,346)	3,355
UNENCUMBERED CASH, BEGINNING BALANCE	<u>77,840</u>	<u>60,494</u>
UNENCUMBERED CASH, ENDING BALANCE	\$ <u><u>60,494</u></u>	\$ <u><u>63,849</u></u>

CITY OF HOLTON, KANSAS

CAPITAL IMPROVEMENT

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET

YEAR ENDING DECEMBER 31, 2014

	<u>2013 Actual</u>	<u>2014 Actual</u>	<u>2014 Budget</u>	<u>Variance Favorable (Unfavorable)</u>
CASH RECEIPTS:				
Local Sales Tax and Jackson County Transfer	\$ <u>200,000</u>	\$ <u>200,000</u>	\$ <u>89,000</u> <u>200,000</u>	\$ <u>(89,000)</u>
Total Cash Receipts	200,000	200,000	\$ <u>289,000</u>	\$ <u>(89,000)</u>
CASH DISBURSEMENTS:				
Capital Outlay	<u>142,425</u>	<u>200,000</u>	\$ <u>200,000</u>	\$ <u></u>
Total Cash Disbursements	<u>142,425</u>	<u>200,000</u>	\$ <u>200,000</u>	\$ <u></u>
Receipts over Disbursements	57,575			
UNENCUMBERED CASH, BEGINNING BALANCE	<u>324,839</u>	<u>382,414</u>		
UNENCUMBERED CASH, ENDING BALANCE	\$ <u>382,414</u>	\$ <u>382,414</u>		

CITY OF HOLTON, KANSAS

EQUIPMENT RESERVE FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET

YEAR ENDING DECEMBER 31, 2014

	<u>2013 Actual</u>	<u>2014 Actual</u>	<u>2014 Budget</u>	<u>Variance Favorable (Unfavorable)</u>
CASH RECEIPTS:				
Other Revenue	\$ 100,000	\$ 194,842	\$ 250,000	\$ (55,158)
Sales Tax	<u>75,169</u>	<u>102,802</u>		<u>102,802</u>
Total Cash Receipts	175,169	297,644	<u>\$ 250,000</u>	<u>\$ 47,644</u>
CASH DISBURSEMENTS:				
Capital Outlay	<u>27,431</u>	<u>191,223</u>	<u>\$ 220,000</u>	<u>\$ 28,777</u>
Total Cash Disbursements	<u>27,431</u>	<u>191,223</u>	<u>\$ 220,000</u>	<u>\$ 28,777</u>
Receipts over Disbursements	147,738	106,422		
UNENCUMBERED CASH, BEGINNING BALANCE	<u>17,998</u>	<u>165,736</u>		
UNENCUMBERED CASH, ENDING BALANCE	<u>\$ 165,736</u>	<u>\$ 272,158</u>		

CITY OF HOLTON, KANSAS

INSURANCE FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL YEAR ENDING DECEMBER 31, 2014

	<u>2013 Actual</u>	<u>2014 Actual</u>
CASH RECEIPTS:		
Receipts for Premiums	\$ <u>521,704</u>	\$ <u>552,420</u>
Total Cash Receipts	521,704	552,420
CASH DISBURSEMENTS:		
Contractual	<u>523,167</u>	<u>551,593</u>
Total Cash Disbursements	<u>523,167</u>	<u>551,593</u>
Receipts over / (under) Disbursements	(1,463)	827
UNENCUMBERED CASH, BEGINNING BALANCE	<u>9,298</u>	<u>7,835</u>
UNENCUMBERED CASH, ENDING BALANCE	\$ <u><u>7,835</u></u>	\$ <u><u>8,662</u></u>

CITY OF HOLTON, KANSAS

MUNICIPAL COURT FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL YEAR ENDING DECEMBER 31, 2014

	<u>2013</u> <u>Actual</u>	<u>2014</u> <u>Actual</u>
CASH RECEIPTS:		
Fees	\$ <u>10,467</u>	\$ <u>14,505</u>
Total Cash Receipts	10,467	14,505
CASH DISBURSEMENTS:		
Bond refund and Other	(47)	75
State Fines & Fees	2,624	3,222
Local Fines & Fees	<u>9,533</u>	<u>8,063</u>
Total Cash Disbursements	<u>12,110</u>	<u>11,960</u>
Receipts over / (under) Disbursements	(1,643)	2,545
UNENCUMBERED CASH, BEGINNING BALANCE	<u>8,886</u>	<u>7,243</u>
UNENCUMBERED CASH, ENDING BALANCE	\$ <u><u>7,243</u></u>	\$ <u><u>9,788</u></u>

CITY OF HOLTON, KANSAS

MONEY MARKET FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL YEAR ENDING DECEMBER 31, 2014

	<u>2013</u> <u>Actual</u>	<u>2014</u> <u>Actual</u>
CASH RECEIPTS:		
Interest on Idle Funds	\$ <u>9,168</u>	\$ <u>6,433</u>
Total Cash Receipts	9,168	6,433
CASH DISBURSEMENTS:		
Transfer to Other Funds	<u>18,669</u>	<u>6,438</u>
Total Cash Disbursements	<u>18,669</u>	<u>6,438</u>
Receipts under Disbursements	(9,501)	(5)
UNENCUMBERED CASH, BEGINNING BALANCE	<u>9,992</u>	<u>491</u>
UNENCUMBERED CASH, ENDING BALANCE	\$ <u><u>491</u></u>	\$ <u><u>486</u></u>

CITY OF HOLTON, KANSAS

LIHEAP FUND

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL
YEAR ENDING DECEMBER 31, 2014**

	2013 Actual	2014 Actual
CASH RECEIPTS:		
Interest and Transfer	\$ <u>20,517</u>	\$ <u>21,235</u>
Total Cash Receipts	20,517	21,235
CASH DISBURSEMENTS:		
Contractual Services	<u>17,719</u>	<u>22,598</u>
Total Cash Disbursements	<u>17,719</u>	<u>22,598</u>
Receipts over / (under) Disbursements	2,798	(1,363)
UNENCUMBERED CASH, BEGINNING BALANCE	<u>5,095</u>	<u>7,893</u>
UNENCUMBERED CASH, ENDING BALANCE	\$ <u><u>7,893</u></u>	\$ <u><u>6,530</u></u>

CITY OF HOLTON, KANSAS

CHEVIS FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL YEAR ENDING DECEMBER 31, 2014

	<u>2013</u> <u>Actual</u>	<u>2014</u> <u>Actual</u>
CASH RECEIPTS:		
Miscellaneous Income	\$ <u> </u>	\$ <u> 85</u>
Total Cash Receipts		85
CASH DISBURSEMENTS:		
Other	<u> </u>	<u> 500</u>
Total Cash Disbursements		500
Receipts under Disbursements		(415)
UNENCUMBERED CASH, BEGINNING BALANCE	<u> 1,383</u>	<u> 1,383</u>
UNENCUMBERED CASH, ENDING BALANCE	\$ <u> 1,383</u>	\$ <u> 968</u>

CITY OF HOLTON, KANSAS

CLOCK FUND

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL
YEAR ENDING DECEMBER 31, 2014**

	2013 Actual	2014 Actual
	<hr/>	<hr/>
CASH RECEIPTS:		
Interest	\$ <u>7</u>	\$ <u>2</u>
Total Cash Receipts	<u>7</u>	<u>2</u>
CASH DISBURSEMENTS:		
Transfer	<hr/>	<hr/>
Total Cash Disbursements	<hr/>	<hr/>
Receipts over Disbursements	<u>7</u>	<u>2</u>
UNENCUMBERED CASH, BEGINNING BALANCE	<u>105</u>	<u>112</u>
UNENCUMBERED CASH, ENDING BALANCE	\$ <u><u>112</u></u>	\$ <u><u>114</u></u>

CITY OF HOLTON, KANSAS

2004 PRINCIPAL & INTEREST FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL YEAR ENDING DECEMBER 31, 2014

	<u>2013 Actual</u>	<u>2014 Actual</u>
CASH RECEIPTS:		
Transfer from Electric Fund	\$ <u>358,800</u>	\$ <u>366,000</u>
Total Cash Receipts	358,800	366,000
CASH DISBURSEMENTS:		
Debt Service	\$ <u>365,215</u>	\$ <u>366,914</u>
Total Cash Disbursements	<u>365,215</u>	<u>366,914</u>
Receipts under Disbursements	(6,415)	(914)
UNENCUMBERED CASH, BEGINNING BALANCE	<u>64,261</u>	<u>57,846</u>
UNENCUMBERED CASH, ENDING BALANCE	\$ <u><u>57,846</u></u>	\$ <u><u>56,932</u></u>

CITY OF HOLTON, KANSAS

2009 PRINCIPAL & INTEREST FUND

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL
YEAR ENDING DECEMBER 31, 2014**

	<u>2013 Actual</u>	<u>2014 Actual</u>
CASH RECEIPTS:		
Transfer from the Electric Fund	\$ <u>286,800</u>	\$ <u>207,000</u>
Total Cash Receipts	286,800	207,000
CASH DISBURSEMENTS:		
Debt Service	\$ <u>279,413</u>	\$ <u>285,313</u>
Total Cash Disbursements	<u>279,413</u>	<u>285,313</u>
Receipts over / (under) Disbursements	7,387	(78,313)
UNENCUMBERED CASH, BEGINNING BALANCE	<u>74,986</u>	<u>82,373</u>
UNENCUMBERED CASH, ENDING BALANCE	\$ <u><u>82,373</u></u>	\$ <u><u>4,060</u></u>

CITY OF HOLTON, KANSAS

BOND AND INTEREST FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET YEAR ENDING DECEMBER 31, 2014

	<u>2013 Actual</u>	<u>2014 Actual</u>	<u>2014 Budget</u>	<u>Variance Favorable (Unfavorable)</u>
CASH RECEIPTS:				
Ad Valorem Tax	\$ 103,618	\$ 24,176	\$ 23,298	\$ 878
Motor Vehicle Tax	<u>12,963</u>	<u>12,446</u>	<u>12,213</u>	<u>233</u>
Total Cash Receipts	116,581	36,622	<u>\$ 35,511</u>	<u>\$ 1,111</u>
CASH DISBURSEMENTS:				
Debt Service	<u>116,485</u>	<u>30,499</u>	<u>\$ 36,000</u>	<u>\$ 5,501</u>
Total Cash Disbursements	<u>116,485</u>	<u>30,499</u>	<u>\$ 36,000</u>	<u>\$ 5,501</u>
Receipts over Disbursements	96	6,123		
UNENCUMBERED CASH, BEGINNING BALANCE	<u>5,213</u>	<u>5,309</u>		
UNENCUMBERED CASH, ENDING BALANCE	<u>\$ 5,309</u>	<u>\$ 11,432</u>		

CITY OF HOLTON, KANSAS

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Basis of Presentation - Fund Accounting - The accounts of the City of Holton, Kansas (City) are organized on the basis of funds, each of which is considered a separate accounting entity.

The following types of funds comprise the financial activities of the City for 2014.

Governmental funds:

General fund - to account for all unrestricted resources except those required to be accounted for in other funds or account groups.

Special revenue funds - to account for the proceeds of specific revenue sources or to finance specified activities as required by law or administrative regulation.

Capital project funds - to account for major capital expenditures not financed by other funds.

Debt service funds - to account for the payment of interest and principal on long-term general debt obligation.

Proprietary funds:

Enterprise funds - to account for operations that are financed and operated in a manner similar to business enterprises, where the stated intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes.

- b. Basis of Accounting - These financial statements are presented on a basis of accounting that demonstrates compliance with the cash basis and budget laws of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund. Cash disbursements are recognized when the cash balance of a fund is decreased. For an interfund transaction, a cash disbursement is recorded in the fund from which the cash is transferred.

The municipality has obtained a GAAP waiver from the State of Kansas, which thereby requires this type of special reporting.

- c. Departure from Generally Accepted Accounting Principles - The basis of accounting described above results in a financial statement presentation that shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under generally accepted accounting principles, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end did not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. General

fixed assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

- d. Budgetary Information - Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5.
3. Public hearing on or before August 15, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. The following are the budget amendments for the year ended December 31, 2014.

<u>Fund</u>	<u>Adopted Budget</u>	<u>Proposed Amendments</u>
Equipment Reserve	\$ 7,998	\$ 220,000
Special Park	\$ 53,136	\$ 71,636

The statute permits transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the cash basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital project funds.

Spending in funds, which are not subject to the legal annual operating budget requirement, is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

- e. Component units -

The component units are reported separately to emphasize that they are legally separate from the City. The City is not aware of any component units at December 31, 2014.

f. Comparative Amounts -

The amounts shown for the year ended December 31, 2013 in the accompanying financial statements are included to provide a basis for comparison with 2014 and are not intended to present all information necessary for a fair presentation in accordance with generally accepted accounting principles.

2. TAXES

The City collects the following taxes from the city, state and county:

Property Taxes – The determination of assessed valuations and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser annually determines assessed valuations and the County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the county.

In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the following year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. One-half of the property taxes is due December 20, prior to the fiscal year for which they are budgeted, and the second half is due the following May 10.

Motor Vehicle Taxes – Since 1981, most motor vehicles became subject to a special tax paid at the time of registration instead of the traditional property tax. In 1995, the legislature enacted a five-year phase down in the assessment rate on motor vehicles from 30% to 20% of market value.

Sales Tax – On January 1, 1995, the City under Ordinance No. 1296, levied a City wide retailers' sales tax at the rate of .25%. The tax will be used for the improvement and maintenance of the public streets.

On December 2, 2013, the City approved Ordinance No. 13-007 authorizing an additional 1/2% sales tax to go into effect April 1, 2014 and terminate December 31, 2023. The sales tax was to be used for infrastructure and debt relief.

In 2014 and 2013, the City received the following from city, county and state taxes:

	2014	2013
Property Taxes	\$ 1,043,906	\$ 1,041,368
Motor Vehicle Taxes	124,344	121,602
State Highway Aid	85,153	83,446
Sales Taxes	804,508	500,341
Local Alcohol Taxes	5,899	5,248
	<u>\$ 2,063,811</u>	<u>\$ 1,752,005</u>

The assessed valuation in 2014 and 2013 was \$19,615,714 and \$19,870,078, respectively which was used to determine the mill levy for 2014 and 2013.

The mill levy was 54.293 for 2014 and 2013 for the following funds:

	2014	2013
General	45.636	42.953
Debt	1.188	5.400
Industrial	1.000	
Library	5.000	4.993
Liability Insurance	<u>1.469</u>	<u>0.947</u>
	<u>54.293</u>	<u>54.293</u>

3. DEPOSITS

At year-end, the carrying amount of the City's cash balance was \$4,044,179, and the bank balances were \$4,556,025. The differences between the carrying amount and the bank balances are outstanding checks and deposits in transit. The bank balance is covered by FDIC insurance and collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the City's name.

The following represents information regarding certificates of deposit at December 31, 2014:

Under K.S.A. 12-1675, the City is limited to investment of idle funds, the City is in compliance with the statute. Certificates of deposit are considered low risk.

Holton National Bank	9/1/2015	0.31%	15,000
Holton National Bank	11/9/2015	0.31%	100,000
Holton National Bank	8/9/2015	0.31%	50,000
Holton National Bank	7/5/2015	0.41%	30,000
Holton National Bank	11/30/2015	0.41%	500
Holton National Bank	7/23/2016	0.46%	45,000
Holton National Bank	5/6/2015	0.41%	<u>50,000</u>
Total			<u>315,500</u>
Denison State Bank	7/16/2015	0.35%	75,000
Denison State Bank	1/9/2015	0.40%	25,000
Denison State Bank	6/28/2015	0.40%	<u>50,000</u>
Total			<u>150,000</u>
Farmers State Bank	3/30/2015	0.52%	100,000
Farmers State Bank	9/30/2015	0.40%	<u>50,000</u>
Total			<u>150,000</u>
			<u>\$ 615,500</u>

4. UTILITIES

The City provides water, electrical, sewer, and solid waste. The City reads the meters at various times of the month, and they mail their utility bills on the 1st and 15th of each month. The utility bills are due on the 15 and the last day of the month. Payments received after the due dates are subject to a late charge of 10% or no less than \$2.50 and no more than \$10.00. Late notices are mailed on the 16 and the 1st of the month.

The City requires that, at the time of making application for utility service, the property owner or customer shall make a cash deposit in the amount set by the governing body to secure payment of accrued bills or bills due on discontinuance of service.

Cash deposits for the indicated utility services shall be in the following amounts:

- Water service - \$50.00
- Electric service - \$150.00

The deposit made shall be kept by the city clerk in a separate account and deposited in a fund designated for utility deposits. Interest shall be payable at the rate determined by the state corporation commission and credited to the customer's account January 1st of each calendar year.

Utility Rates for residential and commercial users are as follows:

Water:	Inside	Outside	
Minimum			
5/8 inch meter	\$ 31.00	\$ 46.00	Includes 1,000 gallons
3/4 inch meter	\$ 31.00	\$ 46.00	
1 inch meter	\$ 42.00	\$ 57.00	
1 1/2 inch meter	\$ 58.00		
2 inch meter	\$ 74.00	\$ 89.00	
3 inch meter	\$ 90.00		
4 inch meter	\$ 116.00	\$ 131.00	
6 inch meter and above	\$ 152.00	\$ 167.00	
Rate per next 1,000 gallons	\$ 4.30	\$ 5.70	
Rate per next 8,000 gallons	\$ 3.90		
Rate per next 5,000 gallons	\$ 3.50		
Rate per next 985,000 gallons	\$ 3.30		
Over 1,000,000 gallons	\$ 3.20		
Sewer:			
Minimum	\$ 31.73		Includes 1,000 gallons
Rate per 1,000 gallons	\$ 5.75		Residential
Electric: Residential Rate			
Minimum	\$ 7.00	\$ 9.00	Residential
Minimum	\$ 5.00	\$ 6.00	Small Business Rate
Minimum	\$ 15.00	\$ 22.00	Medium Business Rate
Minimum	\$ 18.00	\$ 22.00	Large Business Rate
Energy Charge	\$ 0.08495	\$ 0.08755	Residential
Trash:			
Residential	\$ 10.00		
Senior Citizen rate	\$ 7.00		

Aged Accounts Receivable due to the City as December 31, 2014 is \$521,627.

The following represents the date of the last rate change for the following utilities:

Water	1/1/2013
Electric	4/20/2009
Trash	7/1/2006
Sewer	1/1/2013

5. LONG-TERM DEBT

The City's long-term debt is comprised of general obligation bonds, loans from the state and revenue bonds to finance the costs related to certain improvements of the City and are backed by the full faith and credit of the City at large and the City's inherent power to levy general ad valorem taxes and increase utility rates.

Changes in Long-Term Debt:

	Payable at 12/31/2013	Advances	Payments	Payable at 12/31/2014
General Obligation Bonds	\$ 2,445,000	\$	\$ 305,000	\$ 2,140,000
Revenue Bonds	275,000		275,000	
Water Loan Fund	267,205		15,801	251,404
Sewer Loan Fund	4,339,926		295,307	4,044,619
	<u>\$ 7,327,131</u>	<u>\$</u>	<u>\$ 891,108</u>	<u>\$ 6,436,023</u>

Interest Payments:

General Obligation Bonds	\$ 92,414
Revenue Bonds	10,313
Water Loan Fund	9,189
Sewer Loan Fund	81,415
	<u>\$ 193,331</u>

Total Debt Service:

General Obligation Bonds	\$ 397,414
Revenue Bonds	285,313
Water Loan Fund	24,990
Sewer Loan Fund	412,639
	<u>\$ 1,120,356</u>

General Obligation Bonds

General obligation refunding bonds, series 2004A issued in the amount of \$4,665,000 (\$1,895,000 outstanding at December 31, 2014) are to be retired in the year 2020. Principal payments will be paid annually on December 1, ranging from \$260,000 to \$340,000 and semi-annual interest will be payable on June 1 and December 1. Interest rates range from 2.00% to 4.00%.

The bonds maturing on or before December 1, 2013 shall become due without option of prior payment. At the option of the City, bonds maturing on or after December 1, 2014 may be called for redemption and payment prior to maturity on December 1, 2013 without premium.

The governing body of the City shall annually make provision for the payment of principal and interest by levying and collecting the necessary taxes upon all of the taxable tangible property within the City. The proceeds from the taxes shall be deposited in the Principal and Interest Account, which shall be kept separate and apart from all other funds of the City and shall be used solely for the payment of the principal and interest of the bonds.

General obligation bonds, series 2007 issued in the amount of \$400,000 (\$245,000 outstanding at December 31, 2014) are to be retired in the year 2022. Principal payments will be paid annually on December 1, ranging from \$20,000 to \$35,000 and semi-annual interest will be payable on June 1 and December 1. Interest rates range from 3.875% to 4.550%.

The bonds maturing on or before December 1, 2017 shall become due without option of prior payment. At the option of the City, bonds maturing on or after December 1, 2018 may be called for redemption and payment prior to maturity on December 1, 2017 without premium.

The governing body of the City shall annually make provision for the payment of principal and interest by levying and collecting the necessary taxes upon all of the taxable tangible property within the City. The proceeds from the taxes shall be deposited in the Principal and Interest Account, which shall be kept separate and apart from all other funds of the City and shall be used solely for the payment of the principal and interest of the bonds.

Revenue Bonds

Electric utility system revenue bonds, series 2009 issued in the amount of \$1,235,000 (\$0 outstanding at December 31, 2014) are to be retired October 15, 2014. Principal payments will begin October 15, 2010, ranging from \$210,000 to \$275,000 and semi-annual interest will be payable April 15 and October 15. Interest rates range from 2.50% to 3.75%.

Water Loan Fund

In 2007, the City entered into a loan agreement with Kansas Department of Health and Environment (KDHE) under the Kansas Public Water Supply Loan Fund in an amount not to exceed \$357,605 (\$251,404 outstanding at December 31, 2014) at a gross interest rate of 3.49%. The purpose of the loan is to finance the construction of 12,065 linear feet of 6-inch distribution line, 27,370 linear feet of 8-inch distribution line, installation of turbidity monitoring equipment, and the addition of a fourth filter. The estimated cost of the project is \$2,836,500. The City was awarded a Community Development Block Grant in 2002 for \$400,000. The City has obtained a waiver that allows the financial reporting to be on cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principals.

Sewer Loan Fund

In 2007, the City entered into a loan agreement with Kansas Department of Health and Environment (KDHE) under the Kansas Water Pollution Control Fund in an amount not to exceed \$5,500,000 (\$4,044,618 outstanding at December 31, 2014) at a gross interest rate of 3.49%.

Principal and interest payments of long-term debt are as follows:

General Obligation Refunding Bonds, Series 2004A

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 290,000	\$ 71,896	\$ 361,896
2016	300,000	61,746	361,746
2017	310,000	50,946	360,946
2018	320,000	39,320	359,320
2019	335,000	27,000	362,000
2020	<u>340,000</u>	<u>13,600</u>	<u>353,600</u>
	<u>\$ 1,895,000</u>	<u>\$ 264,508</u>	<u>\$ 2,159,508</u>

General Obligation Bonds, Series 2007A

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 25,000	\$ 10,030	\$ 35,030
2016	25,000	9,060	34,060
2017	30,000	8,092	38,092
2018	30,000	6,848	36,848
2019	30,000	5,602	35,602
2020	35,000	4,358	39,358
2021	35,000	2,906	37,906
2022	<u>35,000</u>	<u>1,452</u>	<u>36,452</u>
	<u>\$ 245,000</u>	<u>\$ 48,348</u>	<u>\$ 293,348</u>

Kansas Public Water Supply Loan Fund

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015 \$	16,357 \$	8,633 \$	24,990
2016	16,933	8,057	24,990
2017	17,529	7,461	24,990
2018	18,147	6,843	24,990
2019	18,785	6,205	24,990
2020	19,446	5,544	24,990
2021	20,131	4,859	24,990
2022	20,840	4,150	24,990
2023	21,573	3,417	24,990
2024	22,333	2,657	24,990
2025	23,118	1,872	24,990
2026	23,932	1,058	24,990
2027	<u>12,280</u>	<u>1,058</u>	<u>13,338</u>
	<u>\$ 251,404</u>	<u>\$ 61,814</u>	<u>\$ 313,218</u>

Kansas Water Pollution Control Loan Fund

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015 \$	286,450	\$ 135,827	\$ 422,277
2016	296,506	125,771	422,277
2017	306,914	115,363	422,277
2018	317,687	104,590	422,277
2019	328,839	93,438	422,277
2020	340,382	81,895	422,277
2021	352,330	69,947	422,277
2022	364,698	57,579	422,277
2023	377,500	44,777	422,277
2024	390,751	31,526	422,277
2025	404,468	17,809	422,277
2026	<u>278,093</u>	<u>3,611</u>	<u>281,704</u>
	<u>\$ 4,044,618</u>	<u>\$ 882,133</u>	<u>\$ 4,926,751</u>

6. CONTRACTS

In 2002, the City entered into an agreement with Public Wholesale Water Supply District 18, Jackson County, Kansas (District) to buy water in quantities as may be required by the City. The City then entered into an amended agreement for no less than 5 years with the District in July 2007. The District has constructed a water treatment facility for the use of its members. The City has agreed to provide personnel to serve in the capacity as General Manager and Operations Manager for the District. The City has also agreed to dedicate two (2) full time water treatment operators to operate the facility. The District has agreed to pay the annual cost of \$120,000 paid in monthly installments of \$10,000, due to the City on the 15th of each month. The City pays the District a monthly base rate of \$25,000 plus \$1.54 per 1,000 gallons. They purchased 145,181,000 and 118,939,000 gallons in 2014 and 2013, respectively..

In 1985, the City entered into an agreement with Western Resources, Inc. (formerly the Kansas Power and Light Company) to purchase all the electric power and energy required by the City to supplement the City's needs to the extent not supplied from the City's self-owned generation. This contract is for 20 years from June 1, 1998, and for one-year periods thereafter, unless notice of termination is given in writing from one party to the other at least two years prior to the end of the primary twenty-year term. In December 2013, the City switched to Kansas Municipal Energy Agency to purchase their power. In 2013 the City, purchased 43,180,613 kilowatts from the Kansas Power Pool. In 2014, the City purchased 55,635,075 kilowatts from Kansas Municipal Energy Agency.

In June 2003, the City entered into an agreement with Waste Management, Inc. for the purpose of solid waste collection. The contract is for a period of 3 years, after that time period the agreement maybe renewed on a year to year basis. Parties shall notify the other party within 30 days of the annual anniversary date of the agreement to change the terms of the agreement.

7. PENSION PLAN

The City's full-time employees participate in the Kansas Public Employees Retirement System (System), a multiple employer public employee retirement system. The payroll for employees covered by the System for 2014 was \$2,028,067. The City's total payroll for 2014 was \$2,056,472.

Covered employees are required by state statute to contribute 5-6% of their salary to the System. The City was required by statute to contribute 8.84% using the full funding method, which funds current costs each year and past service liability over a 40-year period. The contribution requirement for the year ended December 31, 2014, was \$311,908, which includes \$17,277 for Employers Insurance, \$104,951 from employees, and \$179,680 from the City.

8. COMPENSATED ABSENCES FOR EMPLOYEES

Vacation is accrued based on the years of services as follow:

Years of Service	0-5 Years	5- and less than 10	10 less than 15	15 years and over
Hours Accrued Per Month	8	10	12	14
Maximum Accrued Hours	96	120	144	168

The City's personnel employed on a full time basis (40 hours per week) are eligible for paid vacation. Vacation leave earned by an employee is credited to the employee on the first day of the following pay period. The maximum accumulation of vacation leave shall be enforced on the last day of the payroll period for the month of an employee's hire date anniversary. Each employee who exceeds the maximum accumulation of vacation leave permitted for the length of service at the end of the payroll period for the month of their anniversary shall forfeit the excess vacation leave credits. The forfeited vacation may be restored with the written approval from the City Manager. Such forfeited leave may be restored if the employee was prevented from using such leave because of unavoidable circumstances. Any restored leave must be used by the end of the payroll period three months from the employee's anniversary date.

The City also has available sick time for all full time employees. Each employee will accrue at the rate of eight hours for each month of service, with a maximum accumulation of 960 hours (120 days). In case of dismissal, retirement, or resignation; employee unused sick leave will not be paid.

9. INTERFUND TRANSFERS

<u>Fund</u>	<u>Transfer Out</u>	<u>Transfer In</u>
Electric Fund	\$ 923,000	\$
General Fund		150,000
Capital Improvement		200,000
2004 Principal & Interest		366,000
2009 Principal & Interest		207,000
	<u>\$ 923,000</u>	<u>\$ 923,000</u>

10. CONCENTRATIONS OF CREDIT RISK

The City is engaged in the sale of water, electricity, sanitation, and trash to customers located in Jackson County in Kansas. The City grants credit to those customers and requires no collateral.

11. RELATED PARTY TRANSACTIONS

In 2014 there were no material transactions with related parties.

12. CAPITAL PROJECTS

Capital projects and purchases for the year ending December 31, 2014 in excess of \$10,000 are as follows:

<u>Project</u>	<u>General</u>	<u>Capital Improvement</u>	<u>Equipment Reserve</u>
Police Car	\$ 28,404	\$	\$
Grasshopper Mower	11,969		
Water Tower Painting		200,000	
New Vehicles, including customization			189,872
	<u>\$ 40,373</u>	<u>\$ 200,000</u>	<u>\$ 189,872</u>

13. COMPLIANCE WITH KANSAS LAW

Kansas statutes require that fixed budgets be legally adopted for special revenue and enterprise funds. Actual expenditures compared to budgeted expenditures are included within this report

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration of the Director of Accounts and Reports and interpretation by the County Attorney and legal representatives of the City. There were no apparent statutory violations, other than the item noted within, during the year ended December 31, 2014 for the funds that were part of this audit, except for trash fund and the electric fund for which actual disbursements exceeded the budgeted amounts. Also, the City reports bank balances not actual cash balances in their treasury report, and three of the quarterly treasury reports were published more than 30 days after the end of the quarter.

14. INVESTMENT IN WHOLESALE DISTRICT

Under Governmental Accounting Standard No. 14 Financial Reporting Entity, which establishes the standards for defining and reporting on the financial reporting participation in a joint venture, the City has not recorded their interest in the Public Wholesale District No. 18 under the equity method of accounting, which is required under Generally Accepted Accounting Principles. Under the equity method of accounting, all payments to Public Wholesale District No. 18 increase their investment distributions reduces the investment and the earnings or losses increase or decrease the investment respectively.

15. SUBSEQUENT EVENTS

In preparing the financial statements, and according to ASC 855, Subsequent Events, the City has evaluated events and transactions for potential recognition or disclosure through September 30, 2015, the date the financial statements were available to be issued. There are no events or transactions that require adjustment to or disclosure in these financial statements.

CITY OF HOLTON, KANSAS

**SCHEDULE OF UTILITY STATISTICS
YEARS ENDED DECEMBER 31, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013 and 2014**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
WATER										
Gallons of water sold	150,720,851	145,730,100	134,609,000	134,888,661	134,422,200	138,597,500	134,623,333	152,175,179	147,321,470	125,090,600
Number of customers	1,523	1,539	1,539	1,548	1,548	1,542	1,538	1,544	1,529	1,505
Average gallons sold per customer per month	8,247	7,891	7,289	7,261	7,236	7,490	7,294	8,213	8,029	6,926
Gallons of water produced and purchased	191,836,000	166,647,300	159,900,700	166,691,000	168,448,000	168,151,000	131,593,000	177,298,000	173,109,000	145,181,000
Water Loss %	21.43%	12.55%	15.82%	19.08%	20.20%	17.58%	-2.30%	14.17%	14.90%	13.84%
ELECTRICITY										
Kilowatts of electricity sold	42,958,846	42,841,084	44,531,212	43,357,381	43,702,071	46,293,806	45,918,581	44,537,107	43,441,497	43,960,089
Number of customers	2,369	2,373	2,423	2,871	2,410	2,053	2,424	2,424	2,423	2,398
Average kilowatts sold per customer per month	1,511	1,504	1,532	1,258	1,511	1,879	1,579	1,531	1,494	1,528

CITY OF HOLTON, KANSAS

SCHEDULE OF OTHER STATISTICS

YEARS ENDED DECEMBER 31, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013 and 2014

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Population	3,353	3,353	3,353	3,353	3,353	3,329	3,329	3,329	3,329	3,329
Valuations	16,496,493	17,260,858	1,828,940	19,085,428	19,714,139	20,384,584	20,090,554	20,105,760	19,870,078	19,610,068
Mill Levy - Total	48.690	48.507	48.295	50.560	48.993	51.828	54.365	54.324	54.324	54.306
Total Receipts	\$5,547,180	\$6,063,088	\$8,577,908	\$11,172,681	\$11,047,350	\$10,757,189	\$11,533,979	\$11,197,722	\$12,001,599	\$12,070,345
Total Disbursements	\$5,452,915	\$5,521,744	\$9,409,306	\$10,639,304	\$10,440,561	\$10,462,197	\$10,662,605	\$11,183,980	\$11,574,635	11,731,463
Receipts Per Capita	\$1,654	\$1,808	\$2,558	\$3,332	\$3,295	\$3,231	\$3,465	\$3,364	\$3,605	\$3,626
Disbursements Per Capita	\$1,626	\$1,647	\$2,806	\$3,173	\$3,114	\$3,143	\$3,203	\$3,360	\$3,477	\$3,524
Bond Indebtedness	\$12,860,204	\$12,538,433	\$14,887,111	\$12,167,072	\$11,948,256	\$10,136,916	\$9,293,081	\$8,359,745	\$2,712,205	# \$ 2,140,000
Bond Indebtedness Per Capita	\$3,835	\$3,739	\$4,440	\$3,629	\$3,563	\$3,045	\$2,792	\$2,511	\$815	\$643